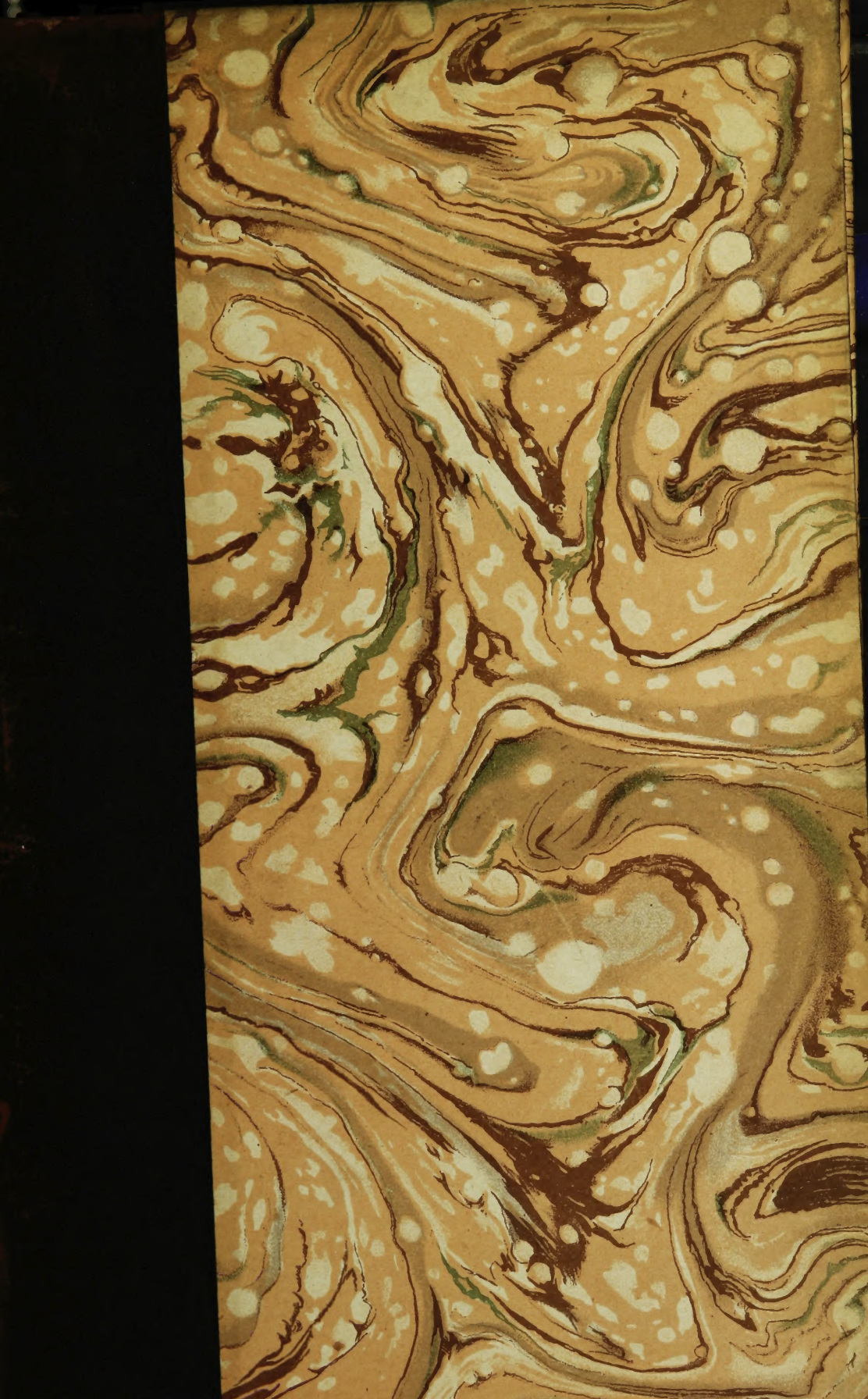




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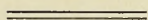
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1893

BIMETALLISM ²⁹

Or the Double Standard

READ BEFORE THE AMERICAN SOCIAL SCIENCE
ASSOCIATION AT SARATOGA,
SEPTEMBER 6, 1893

By Jacob L. Greene



HARTFORD, CONN.
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PREFATORY NOTE

This paper was an attempt to set forth in common speech a simple but comprehensive and orderly statement of those primary and unchanging facts of human nature and of human action which always and everywhere cause and control to the last detail the use of money and currency by men in dealing with each other in every relation and capacity requiring such use.

Its reception in certain quarters has led to the hope that its wider distribution in this form may not be without use.

Being restricted in length it necessarily treats many points too briefly, and the temptation to recast some parts was strong. But on the whole it has seemed best to leave it unchanged even in those paragraphs which have special reference to the crisis which was present when they were written.

HARTFORD, OCTOBER 30, 1893.

BIMETALLISM

Or the Double Standard

It is not a grateful task to offer an elementary thesis in this presence. But the solution of the problem of Bimetallism does not lie in any new data or hitherto undiscovered facts; for there are none. It lies rather in such plain statement and in such comprehensive grouping of known and fundamental facts as will let them give their light without confusion or obscurity and reach their common focus without refraction. The average man, impatient of prolonged attention and careful thought, all too readily assumes that the key to the answer lies in some obscure principle of finance hidden away in hopelessly complex facts impossible of apprehension by the unskilled, and so gives ready assent to any strongly asserted plausibility; or, starting from the too common postulate, that all human actions and interests finally head up in political acts as their highest expression and ultimate form and are therefore capable

of complete regulation and remedy only by political action, he turns to the legislature and asks for an edict to settle the matter out of hand. But the answer lies in a patient recognition of facts so commonplace that their controlling force is often overlooked: the plain facts of everyday trade and of the use of money and other currency commonly spoken of as money.

The problem of the double standard is to make two metals of different physical qualities, of different utilities, of widely and irregularly differing cost, and of widely different exchangeable values for equal quantities, perform equally satisfactory, perfectly interchangeable and, therefore, absolutely equal and concurrent service as money, both commercial and legal: that is, to make them, however unequal themselves, equal as measures of all values of things exchangeable, as currency in effecting exchanges, in discharge of commercial balances, and in liquidation of all contracts and judgments expressed in terms of money: the cost and exchangeable value of one of which metals has fallen with great rapidity within very recent times while the conditions plainly in sight affecting its cost and value indubitably promise to send the two metals progressively apart. It is the question of making some arbitrary

but large number of ounces of silver, determined upon a merely momentary ratio of cost and value, or else by legislative fiat regardless of that ratio, play precisely the same and a constantly interchangeable and equally satisfactory part in the exchanges of the country and of the world, and in the liquidation of contracts, with an ounce of gold: of making each metal do the same work indifferently, equally, always, everywhere, without choice between them, and to keep both in equal use and demand. It is the question of making an admittedly inferior agent perform an identical function in commercial and legal relations with an admittedly superior one by somehow making it everywhere equally effective and equally acceptable.

The inability of the inferior to make its own unaided way commercially is recognized in the nature of the method relied on to effect its proposed status.

The method is to procure the national legislature to assume and to decree that a given arbitrary number of ounces of silver is now, always will, must, and shall be equal in exchangeable value and legal efficiency to an ounce of gold; that it shall be so taken and held in all exchanges and liquidations whether voluntary or involuntary; and that

the minted aliquot parts of the assumed number of ounces of silver and of the ounce of gold shall be equally and indifferently measurers of all values including their own and each other's, of equal value in the market and before the law, and of equal effect as tender: to be of equal value in the market because equal in effect as tender: each metal to be freely coined on demand by the owner of either, thus giving each the apparently equal chance: the remedy for any preference between them in the minds of men being the legislative "Thou shalt not."

Can the method accomplish the end proposed? Does the actual and effective power of legislation extend that far?

What is money? It is some sort of valuable property of such peculiar and general acceptability that it readily exchanges for any and every other commodity, and therefore comes to measure in the terms of its natural or conventional divisions or denominations, the exchangeable value of every commodity, whether property or service, for which as currency it is exchangeable. Logically, and in point of fact, its use as currency precedes its use as a measurer of values, and this latter use, as well as its still later artificial legal use as tender, grows out of its use first

as an actual and common currency; as acceptable anywhere in exchange for all other property because acceptable everywhere for any property.

What is the origin of money? It is born of trade. What is its relation? It is itself a part of trade and an instrument of all trade. And what is trade? It is the voluntary exchange of commodities for reciprocal advantage. What is the primary, invariable, and eternal fact of trade? It is that one commodity is never parted with by its possessor except for another of equal value. That is the moral law of trade. No one owning a piece of property, or capable of rendering a service, willingly parts with the one or renders the other—unless in charity—without receiving another piece of property or a definite service of at least equal exchangeable value, and which for some then present reason is more desired by the recipient than that parted with by him in the exchange. Property for property; actual value for actual value; substance for substance; something else valuable for every valuable something, and that according to the free will and judgment of the respective owners: that, and only that, is trade, its essence, its form, and its law: its unalterable condition.

And if, for any reason, one of the commodities involved in the exchange be not at hand for instant manual delivery, and can be delivered only at a distant place, or to a representative empowered to receive it; or if delivery of the return commodity be forborne to a future date, in any such case the person entitled to it may, for a compensating advantage of some sort, be willing to receive in place thereof a good and sufficient contract therefor, a formal paper evidence of the transaction, a title deed to the thing yet to be delivered, to be fully executed or liquidated at the agreed time and place by the thing itself, failing which damages may be had: that is credit on the one side and debt on the other: credit on the part of him who parts with his property expecting to receive the return parcel to the exchange elsewhere or elsewhere; credit founded on the faith that the desired piece of property for which he has taken the contract or title deed, will be delivered at the specified time and place. It is debt on the part of him who has received his something in the exchange but has not yet rendered his something-else in return. And these facts furnish the definition of every credit and every debt. Every true credit represents something, some valuable property,

parted with in an exchange which is to be completed later on and elsewhere by the delivery of the agreed and equally valuable something-else; and every honest debt represents the something-else necessary to complete the agreed exchange in which the something has been already received. That is the essential fact of every debt no matter what its form of origin; whether it arise in the exchange of one kind of property for another kind, or in the exchange of a certain quantity of a certain kind of property for a like quantity of the same kind of property to be delivered in the future. Borrowing, as distinguished from renting or hiring, is simply an exchange of two quantities of the same property, the delivery of one of which, by the lender, is immediate and the delivery of the other of which, by the borrower, is postponed to an agreed date and place. It is trade and nothing else.

Or, the owners of the things exchanged may effect their purpose by an exchange of contracts for, or title deeds to, these things respectively, delivery and possession to be had elsewhere and at another time in both cases, to the great convenience of both parties.

But in any and every case it is the properties owned by each and desired by the other that are exchanged; and the credit or faith

attached to any paper instrument of the transaction is simply the belief that it will be duly solved by the delivery of the property itself as agreed. There is no other credit or faith known among men in their commercial and financial relations. Any other use of the term is idle breath and covers either a gambling speculation or a specious cheat.

These propositions cover the whole essence and method of all trade and commerce, whether it be the limited and petty barter between individuals, or that between the products of communities or nations massed in the hands of their merchants for those multifarious exchanges which are commerce, domestic or international, on the grand scale, involving as their incidents and instruments, transportation, insurance, and those elaborate and refined systems of credit by which the one mass is balanced against the other, and simply the difference in value is transferred from the one side to the other in some acceptable form of property used as a currency. This it is which bewilders the unfamiliar mind by its magnitude and the multiplicity of its instruments and detail, and so obscures its essential and perpetual simplicity that men believe it really follows some hidden law, and that traders in multitude may do something else than

that which each man does: that somehow something is exchanged for no something-else, or no title deed to something-else, and that the paper evidence of debt is something apart from, and valuable apart from, the property it pledges to give for that already received.

The obvious converse of these propositions brings us forward a step: As all commerce is the free exchange of valuable commodities, and without such exchange there is no commerce, so nothing but a valuable commodity, and at its exchangeable value, can enter into an exchange, or into commerce. And as every debt represents only the postponed completion of the exchange of properties, and nothing but property can satisfy the debt and complete the exchange, so no form or evidence of debt can enter into voluntary transactions between men unless it is a good and sufficient contract for, or title deed to, a piece of actual property; and it can enter into the exchange or transaction only at the actual known or supposed value of the property to which it carries the right of eventual possession to transfer which it was uttered. It is the property and not the very convenient paper which is traded for. The evidence of debt which does not convey and effectually secure the possession of the something-else is not ex-

changeable for the something. When men lose faith in its ability to bring the promised property, it is waste paper, whether it be the note of an individual bankrupt, or "continental money," or French assignats.

It follows from the facts of all trade that whatever the world of commerce uses as money, that which is itself universally acceptable for any commodity one wishes to part with in order to secure the something-else, because one is sure that it will, without loss of value, exchange for any particular commodity he may at any time desire, and in the terms of which the values of all commodities are therefore expressed, must itself be property; else it will not buy property. And it has been, must and will be of a sort the most convenient and effective to its purpose under all the circumstances of its use for the time being. General and permanent utility, desirability, the narrowest possible range of fluctuation in value, probable future steadiness and practical permanence of value, great durability, and a minimum of bulk with capacity for ready division, are some of the characteristics which qualify any kind of property to serve as a common currency and therefore as a measurer of values, and have determined their adoption as such in all ages. As

between any two substances, two kinds of property, differing from each other in respect of these things and their consequent cost of use, it is impossible that there should not be a choice in the minds of men using them. The one must of physical and unalterable necessity be preferable to the other for such use. The whole history of money has been the progressive disuse of the primary, crude, bulky, and perishable forms of property as currency, and the natural selection and gradual and general, but at first perhaps unconventional, or extra-legal adoption of more desirable forms for that purpose. New and isolated communities, having no outside commerce, have been compelled to use sometimes, as money, even in recent times, forms of property as singular as, and sometimes identical with, those of the primitive tribes whose methods and instruments of exchange and traffic furnished the terminology which persists to this day. But as commerce has become extended in area and scope, spreads over wider fields and embraces more articles and greater quantities, and becomes complex by the multiplicity of personal relations and services involved, it searches for and uses the less variable, more refined, convenient, accurate, and therefore less expensive instrument. In

the presence of the more valuable and convenient the less valuable and convenient will not do, and is never called to do, that complete work which the more valuable and more convenient does more readily, more accurately and certainly and less expensively. The less valuable and convenient thing will never, in actual commerce, measure the value of the more valuable and convenient. It will itself be measured in the terms and quantities of the most valuable and most desired. It will, therefore, never measure the values of other commodities. They will be measured in the divisions of quantity of that most valuable thing which itself measures the value of the less valuable. The most acceptable form of money is the measure of every other value whether it be of some other so-called money or of some other commodity. There never was any other measure in the business world; there never can be any other. It is a physical and psychological impossibility. The best form of currency, the form most acceptable to the commercial world, was, is, and eternally will be, the sole and absolute measure of all values coming in contact with it, until difficulty, inconvenience, loss, expense, and diminishing trade are at a premium among business men. So long as human nature retains the elements

and is accomplishing the fact of progression, the superior will always be the standard as against the inferior. The inferior cannot be other than subordinate and subsidiary. It will do the full work of the superior only in its absence, and then only on the terms of its own conversion into the superior; that is, at such discount as covers the risk and cost of and pays a profit on its use in place of the superior. And whenever coins of the inferior metal have been sought for and preferred, it has been because they, for the time being, contained a quantity of metal in excess of the ratio of their nominal exchangeability with the coins of the superior metal, and were therefore worth more to take out of local circulation for use in arts or for foreign trade at their actual exchangeable value by weight than for domestic trade by count at nominal value.

Now how far, and in what wise, do separate communities, nations, and countries come under the common operation and effect of this law or fact, and what is their individual share in it? Or rather, how far, if at all, are they exempt from it? Can they escape it? Can they take themselves out from under its absolute domination?

Money is merchandise: merchandise which

for its special quality has taken on a wider function than other merchandise, but which took on that function solely in virtue of its merchantable quality, and can retain that function only so long as it retains that quality in a superior degree. In the world's market money buys by the quantity and quality and present value of its substance precisely as does any other merchandise, and no matter what its substance for the time being may be. In international exchanges coins do not pass as coins. They are not counted. The substance is weighed for quantity and tested for quality, exactly as iron, wheat, and beef are. Local coining sufficiently certifies to the citizens of that country the proper quality and the conventional divisions of quantity, or denominations; so that counting the locally coined divisions sufficiently ascertains the quantity for local purposes; but, whether abroad or at home, it is still the quantity however ascertained that does the business in virtue of its merchantable value. Coinage is of purely local use and convenience. Away from home it certifies nothing sufficiently to answer the demands of a commerce in which slight fractions of value make the difference between loss and gain.

So long as commerce is purely local its

money can be, and often has been, a kind of property of only locally superior value and convenience. And so long as that kind of property is actually superior locally, and it is not brought into competition with outside better money, it will perform the function of money truly, however clumsily and inadequately. It will measure other values and exchange for them, whether it be itself cattle, cowries, or bunches of shingles.

But when localities and peoples begin to trade with each other, some form of property equally acceptable to each, of superior adaptability to the purpose in each, will come to be used as the common measurer of the values of the various commodities of each, because freely accepted in exchange therefor. And that thing which most freely of all exchanges for and measures in its own convenient divisions of quantity the values of these diverse commodities in and for international exchange, by that very fact fixes also, in its own terms, their exchangeable values for every locality within the countries concerned in the commerce. For the trade of each locality or community becomes simply a part of the commerce of the whole. And as all local prices of commodities dealt in between communities are controlled by and constantly regulated to the

prices of those commodities at the centers of that exchange, so will those local prices necessarily find expression in the money used to fix prices at those centers and in no other. That thing becomes the money the terms of which measure all values throughout those countries because only through its use do all the commodities of those countries pass to their final interchange. Hence it is the money which as currency is most readily, freely, safely, and inexpensively exchanged for their commodities throughout those countries. And if in any of those countries an inferior kind of property be locally used for money, it will be so used only at the inconvenience and expense of casting its market value in the terms of the better money of the commercial world and the exchange of that better money into the poorer local money, with such addition for the risk of further depreciation and for profit on the transaction as the immediate conditions may require. It is only the best money which really measures the values of all commodities subject to interchange: it is the best money which as currency buys most readily, at least loss and the cheapest, and which is, therefore, the cheapest money: it is only the best money which settles the final balance. Therefore is it the money

that measures. The inferior money may be used exclusively as a local currency; but it will not be used to measure by; and prices locally expressed in its nominal terms will mark up or down as it marks down or up in the measure of the best, the prices in that remaining unchanged.

We hear much of the desirability of a cheap money for the people, and of the promised efficacy of the double standard in procuring it. What is dearness and what is cheapness in money? It is a question of the cost at which it performs its functions of measuring values and exchanging for them either directly or by settlement of balances. It is purely a question of the economy with which it does its work. The cheap money is that which does its work at least cost: which is the same thing as saying, with widest and readiest acceptance, with least hindrance and least friction. Dear money is that which costs the users the most to use. And it is not the commodity which is most abundant, of which the greatest bulk can be produced at least cost, that makes a cheap money by doing its work cheaply—exactly the contrary. It is not a question of the cost of a given bulk of the article; not a question of a cheap material,

but of the cheapness of its service; of the relative cost at which it does its work. Otherwise the Spartan currency would be a cheaper and therefore better money than either gold or silver. The inferior substance, no matter how dignified by law or made venerable by custom, will and can play only an inferior and subordinate and expensive part. Cost is not affected by sentiment. Transportation and storage and handling cost by weight and bulk.

Now touching the legislative assistance proposed for the inferior metal commodity, let us ask, what can the statute law of any country or of all countries, effect in this matter? How far is true commerce, free exchange, controllable by legislation? Can legislation abrogate or materially modify a single iota of its essential facts and conditions? Can it touch exchangeable values? Can it change human nature, its needs, rights, and essential methods? Can it compel the exchange of something for nothing, of a whole for a fraction, of the superior for the inferior on terms of the latter's own dictation? And if it could do all these things within its own sovereignty, can it reach and control all the parties concerned?

Commerce is not the product of statute

law. Its methods and its instruments are not creations of law: they are born of its own unalterable elements and facts. The statute can recognize, sanction, and declare them and provide remedy for the effectual protection of the personal and property rights growing thereout. That is the most and best it can do: all it can do that is beneficial. It can obstruct, it can make costly, it can burden commerce with burdens alien to its nature. It can rob and destroy. But wherever commerce is and survives it is there and in being by virtue of obedience to its own inherent laws and by the use of its own instruments, and not by virtue but in spite of statutes undertaking to modify or control their operation. Law is an outside instrument of commerce so far as it understands and its provisions harmonize with the facts of trade. It is not its foundation nor its ruler.

The precise operation by which it is proposed to effect the equality of silver with gold as a standard and as a currency through the power of the law, is to declare it a legal tender for unlimited amounts and then allow its unlimited coinage: that is, by compelling its local use as unlimited legal tender currency to force commerce to use it as a

local measure of values. But as the only use of silver as currency which the statute can compel, is as legal tender in discharge of debts payable here, so long as the better gold is in sufficient supply for local metal currency uses, and especially so long as the silver supply is mainly held by the government, and its creditors prefer and it is ready and willing to pay the better money, practically excluding silver from wide circulation, the silver will be used in reality only as a subsidiary or token coinage in petty trade, and so pass readily at its nominal coin value. Under these conditions its unlimited legal tender function is wholly unused. Whenever that function is generally resorted to, either voluntarily or of necessity, then silver will be at once substituted for gold in the currency and will no longer buy at its nominal value as a token coinage, but at its commercial value, as coined merchandise; and the more valuable gold, no longer counting coin for coin with silver, will be taken out of circulation, leaving the depreciated money to pay its debts. While government coins silver on its own account and thus holds the supply, and refuses or fails to use it as a legal metal tender, it protects us from the silver as general cur-

rency and from the loss of gold. But if it must receive silver in unlimited quantity from any and every owner and purchaser of it and return it without cost in coins of unlimited effect as tender, but of inferior commercial value or convenience, thus entirely losing control of the application of the tender function and handing it over with the inferior coins to persons immensely interested in applying it; or, if government continues to exhaust its stock of gold by buying silver or otherwise until it has to refuse gold and resort to its silver coin as actual tender, then in either case silver becomes at once the sole domestic metallic currency. But even so, it cannot make free commerce use it except on its own terms and as a merchandise currency; and as such it will not finally measure values unless it is the best currency of outside commerce as well as of our own.

The legal tender function of money is a special, artificial, and localized use growing out of and supplementing its commercial use, by extending its measurement of values to the measurement of damages, and extending its currency use, the application of its merchantable value, to the liquidation of damages and of contracts made in its terms. As relating

to the matter of damages, it is in the nature of a remedy. As relating to contracts for money, it declares what commodity is meant or will solve the contract by delivery.

The extent of the misapprehension respecting the rank and potency of the legal tender function was well illustrated by its use as the sole definition of money at a recent notable convention of advocates of silver. One of the speakers declared that "Money is not gold or silver, but the instrument by which debts are legally paid." And this declaration is further instructive as showing the historic continuity of the greenback or fiat money theory with that of the legislative equality of silver with gold. Both theories assume a peculiar efficacy in the legal tender function to be decreed by the legislature: that political force can override the unchangeable terms and conditions upon which men consent to deal with each other: that the measurement of values is a legal and not a commercial operation: that the commercial value and use of money depends upon and results from the artificial and secondary office assigned it by the legislature: that what it declares legal tender is therefore, *ex vi termini*, money of full and perfect commercial efficiency: which premises being granted, the question of the num-

ber of standards passes, of course, into a limitless range: from gold to potatoes.

It is not strange there should be such confusion abroad when the men composing the Supreme Court of the United States have, by a large majority, declared that it is within the constitutional competency and official morality of the national legislature to decree that the man who has parted with something on a contract for the future delivery of something-else, may, under all circumstances and conditions, be compelled to receive, not that something-else, not even another piece of property than that stipulated, but, instead of either, another evidence of somebody else's debt: another contract for the delivery of something else. True, it was the evidence of the debt of the United States which was being considered as the substitute for the property agreed. But as yet under the paper tender the man had received nothing; and still his claim against his debtor was canceled in law. And the court avers that it is wholly within the legislative competency to declare what thing or instrument may and shall be used as legal tender. Wherefore it is competent and legally proper to legislate that one evidence of debt may be liquidated by some other evidence of debt, *ad infinitum*, and the something-else for

which something was parted with be thus eternally postponed; and the second, third, or one-thousandth such pretended liquidation and actual postponement rests upon and also lacks just the same basis in fact and in morals as the first.

Legislation can, while that decision stands, make anything a mere legal debt-paying currency: it cannot fix its value: commerce alone can do that. It cannot make the standard by which values are measured in the commercial world, nor prevent the values as measured and established by it from being universal, nor enable the local legislative currency to perform its intended work until it is itself first measured and valued and discounted in the terms of the money of that commercial world. It is not the suffrages of men in their political capacity but in their commercial capacity that make the money of the merchant. It is not the legal tender fiat of a government but its voluntary acceptance among men that makes the money of the wider realm. It is not as citizens but as traders, not in our political capacity but in our commercial relations, that we, every one of us, use money. We can get rid of our gold; the world will gladly take it; but we cannot help having our values measured in it by the world which uses both it and our other commodities.

Another mist beclouds the general thinking: the ambitious assertion of the possibility of a purely American system of currency and money, wholly independent of and different from foreign systems of money: a sort of financial jingoism.

But it is not with any foreign system, not with the money of any foreign government, as such, that American money comes into correlation and by the side of which it must do its work. It is not with pounds, shillings, and pence, francs, florins, or roubles. These are not the essence of money, but merely its local denominations. It is not a question of these: nor yet whether these express quantitative divisions of gold, silver, or iron. It is a question of what is the money substance in the exchangeable value of which and by the use of which as currency the commerce of the countries issuing any and all of these local coinages of that or any other substance, is measured and carried on with each other and therefore within themselves, actually if not nominally. These countries may or may not be governmentally treating as their local money the money of commerce. If they are so treating it, still it is not with it as British money, or as French money, or any other national money that we come in contact: it is with

it as the money of commerce which these peoples have adopted as their own because it is the money of that world of trade of which they and we are a part: a part, not by virtue of civil legislation, but by their share in its commercial transactions. We are a part of that world by virtue of the transactions of our people in it. We are living its life, doing its work, using its methods and instruments, not as a government, not as a nation in its official capacity, but as a people dealing with the peoples of the world in personal relation. From that connection, and all of form and substance that it implies, no power can free us until we cease to trade. Our system of money, as dealers in that world, will be actually the system of money of that world, no matter in what nominal terms the local law may compel us to keep our books and draft our notes and discharge our debts to each other. Our legislature may set up another system and decree another money as tender. It will not be therefore the system nor the money of the world of trade, nor ours in dealing with it. We are a part of that world, but only a part; and a part is not greater than the whole and does not dominate it. We can neither separate from it nor rule it. We cannot sell in it without also buying

in it: we cannot buy in it without also selling in it. We have to come to daily and hourly free, willing agreement with it for each side of the transaction. And because we are in it and of it, and because by reason of that fact we are what we are as a producing and commercial people, our whole internal commerce is simply a part of that greater whole, follows its laws, conforms to its life, uses its methods and instruments, in fact whatever it may do in name; directly if allowed, indirectly and by costly translation if it must; because not otherwise can it remain a part of the whole, and because it can have no existence except as a part of the whole. We do not live to ourselves. We live to and with all the peoples of the whole earth. And commerce means agreement with them and common use of common instruments, and not our own arbitrary way. Commerce is the agreement of individuals, scattered through the habitable earth maybe; and in the end and at bottom the law and the power of normal individual life and action are greater and more enduring than the decree of any multitude, howsoever framed. So liberty grows and man leads men.

The actual inferiority of silver as a currency in this country has been abundantly

shown by the extremely small amount of its use both during the years that it was a legal tender currency first for an unlimited and then for a limited amount, and after it became again an unlimited tender in 1878, coined at the rate of \$2,500,000 a month. Notwithstanding the abundance and growing cheapness of the metal it has been impossible to get more than a very small amount of it into circulation. It is not the kind of property people very eagerly desire in exchange for their property. Nor has the accumulation for these years of uncoined bullion at the rate of 4,500,000 ounces a month made this property more attractive. The men who owned this property as it came from the mines and who have made our government a customer through legislation for that much more of it than commerce will use either as merchandize or currency, themselves prefer the gold in which they immediately make the government redeem its notes issued to them for the purchase of their silver. The silver has not been accepted of commerce; its purchase has simply caused the utterance of Treasury notes nominally calling for coined gold or silver indifferently; but, so long as silver is not acceptable and gold is in supply, these notes in effect call only

for the gold which commerce does accept, and which the silver mine owners therefore want and which the government cannot withhold without suspending. And the acute stage of the problem is reached now that that supply of gold is so reduced that the limit to the operation has become plainly visible, and the business world therefore stands to wait its solution: to know whether the dollars it would venture in its enterprises will come back at one hundred cents or fifty, and withholding these dollars until that answer is made. The issue of Treasury notes for the purchase of silver has veiled the true character of the operation. The cashing of the notes in gold by the sellers of silver reveals that character. We have been swapping our gold for their silver. So does an indirection always carry and conceal a practical fraud; and so have we allowed that to be done by indirection which in direct terms no one would have dared to propose. Thus has our gold been made to bear in fact most of the burden of currency and all of the asserted legal tender function of silver, which has been mainly useless, and when useful at all has been simply subsidiary throughout. And thus have we learned both that there is and has been in

this country actually but one standard, and that one gold; and that whatever silver producers wish other men to think, they themselves desire gold in exchange for their product and have been most industriously getting it, and getting it out of the country which cannot use their silver, for commerce will not take it at the price.

Doubtless much of the confused popular thinking or feeling upon the matter of a double standard has been due to the supposed need for an increased volume of money, an abundant money, which has been so strenuously alleged and generally accepted without real examination, because of the general attractiveness of the idea; and because of the apparently implied idea that if it is only abundant it can be more easily had, that is, without earning it or without giving so much or so valuable property for an equal value of it; forgetful that if it takes less to get it with, it will also buy less when we have got it; that other things being equal, increase in abundance, in volume, means decrease in purchasing power, in exchangeable value in money and in every other commodity, and that, consequently, the more there is the more will be required to accomplish the same transactions. The use of money as actual currency is relatively

diminishing constantly, and will continue to do so. Any money enters into commerce purely as currency; that is, as merchandise; and conversely all merchandise and the bankable credits made against it are currency in the commercial world to the extent of the demand for it in the market for the time being. By the use of bank checks, bank bills, bills of exchange, postal and telegraphic transfers, the whole business world is brought into almost as close contact as neighbors across the street. By their use the exchange of the commodities of one country for those of another is effected and only the balance is remitted in the metal used as money. The New York merchant who buys goods in London does not send over money to pay for them. He buys a bill of exchange against some wheat, or cotton or meat or other property, or against securities, that London merchants have bought here, and remits that, and the one property is exchanged for the other. Commerce furnishes its own more convenient currency of this sort to the extent to which the commodities exchanged balance each other, and falls back upon metallic merchandize, metal currency, only to eke out the deficiency on the side which has least of other things to sell. And this use of a purely commercial currency, the instrument of credit

for things sold, increases in volume and efficiency with increased volume and variety of product, with every increased facility for intercommunication and every improvement in the machinery of commerce. And what is true as between nations is equally true as between communities in our own country. The transfer of money as currency from one commercial center to another is generally limited to the adjustment of balances. Bank bills, checks, and drafts against goods or products sold furnish the main currency of daily domestic commerce, and even very largely and increasingly for retail trade and all personal uses. So conveniently and cheaply does this sort of currency serve the needs of business that so long as it is in good credit, securely based upon and a good title deed to the requisite property, it is preferred in use above the best metal. And so common is its use in place of money that in popular apprehension and speech it stands for money; and to borrow money no longer means borrowing the coin itself, but the commercial currency, the use of a commercial credit for the required amount. Perhaps no small part of the confusion of ideas about money arises from the fact that the great bulk of the business of the civilized world, its commerce and its financial trans-

actions, is effected through the use of this purely commercial currency. And using its many forms so constantly as money, speaking of them as money, borrowing and paying them as money, seeing them while in good credit perform so admirably the currency office of money, and seeing money itself perform no other visible office than that of currency, men often fail to discriminate the final test of money, its measuring ability; and forget that while all money is currency not all currency can be raised to the rank of full money; the law may decree it; the world will not so use it.

The inconvenience and cost of silver in use as currency would be greatly intensified by the adjustment of its coinage to its true present ratio to gold necessarily implied in the idea of a double standard, increasing the bulk and weight of coins fully two-thirds, with the certainty of future readjustments in the same direction. In which connection it may be said, that if it were true that the government fiat settled the commercial rank and the purchasing power of legal tender money, the obviously true way to make silver coins a convenient currency and superior money would be by such legislative reduction of the coinage ratio as would make the silver pieces at least no larger than those of gold of like denomina-

tion. That would be equality by legislation. The further scaling down of either or both gold and silver pieces without impairing their purchasing power would be equally within legislative competency.

To sum up what we have been trying to say :

Let but the people clearly understand these plain necessary facts of human life : that property sells only for other property, and that nothing but property can buy other property and that therefore money must be property : that while all merchantable commodities and the credits against them are in effect currency, nothing but the commodity most desired and most acceptable of all and most readily exchangeable for all will or can measure the values of all the rest and be in fact the final, standard money ; that no credit currency is good for anything except as it is a good and satisfactory title deed to the property it promises to deliver : that the principal currency function of any money is to settle balances in the exchange of other commodities ; that the great world of commerce uses and will use as its money only the best money ; that we, as a part of that world, must have our values measured in its money whether we will or no ; that we must use its money as our money or pay

the continual loss and cost of using a poorer one; and that our only power of choice is not as to what money we will have all our values measured in and use to settle our balances with, but only as to what we will use as the basis of our purely domestic currency; that the best money is the cheapest because most effective at least cost; and lastly, that no matter how abundant anything we may call money may be, so long as it is worth anything it cannot be had except by giving for it its full commercial value in some sort of property or service; and that in no way can that money get for its possessor more than its commercial value entitles it to: let but these simple facts be clearly seized, and the idea of a double standard, of two measures that cannot but measure differently, of an inferior and unacceptable thing to do identical work with the superior and acceptable thing, of using as a concurrent and indistinguishable measure fluctuating silver which has got to be first measured itself in gold always and everywhere and buy only by that measure, will drop from the category of political problems and commerce will be left to deal with its own instruments according to its exigencies and according to both their potencies and their limitations.

